

CALIFORNIA MEDICAL ASSISTANCE COMMISSION



ANNUAL REPORT
TO THE LEGISLATURE
2005

CALIFORNIA MEDICAL ASSISTANCE COMMISSION ANNUAL REPORT TO THE LEGISLATURE 2005

COMMISSIONERS

**NANCY E. MCFADDEN, CHAIR
MARCO FIREBAUGH
DIANE M. GRIFFITHS
TERESA P. HUGHES
VICKI MARTI
LYNN SCHENK
CATHIE BENNETT WARNER**

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION
KEITH BERGER, EXECUTIVE DIRECTOR
770 L STREET, SUITE 1000
SACRAMENTO, CALIFORNIA 95814
(916) 324-2726**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
SELECTIVE PROVIDER CONTRACTING PROGRAM	3
EFFECT OF SELECTIVE CONTRACTING ON ACCESS AND COST	3
HOSPITALS AVAILABLE FOR MEDI-CAL BENEFICIARIES	3
SERVICE CAPACITY AVAILABLE TO MEET NEED	6
FEDERAL WAIVER	8
MEDI-CAL REDESIGN	9
MEDI-CAL INPATIENT EXPENDITURES AND UTILIZATION	10
ANALYSIS OF FISCAL IMPACT OF SPCP CONTRACTING PROGRAM	11
ADDITIONAL HOSPITAL FINANCING PROGRAMS	12
SB 1255 (Chapter 996, Statutes of 1989)	13
SB 1732 (Chapter 1635, Statutes of 1988)	13
AB 761 (Chapter 226, Statutes of 1999)	13
Medical Education	14
AVERAGE PAYMENT RATE CHANGES	15
MANAGED CARE	17
CONCLUSIONS	19

TABLES

Table 1	SPCP Contract Changes From December 2, 1982 to December 1, 2004.....	4
Table 2	Hospitals With SPCP Contract Changes From December 2, 2003 Through December 1, 2004.....	5
Table 3	Percent of 2003 Medi-Cal Area Need Under SPCP Contract	7
Table 4	Average Medi-Cal SPCP Contract Rates as of December 1, 2004.....	16

EXHIBITS

Exhibit 1	Distribution of Medi-Cal Acute Inpatient Days Fiscal Year 1982-83 Through Fiscal Year 2003-04	11
Exhibit 2	Distribution of Medi-Cal Acute Inpatient Days Based on Fiscal Year 2003-04 Dates of Service	11
Exhibit 3	Distribution of Medi-Cal Acute Inpatient Payments Based on Fiscal Year 2003-04 Dates of Service	11
Exhibit 4	Estimated Fiscal Year 2004-05 Distribution of Medi-Cal Payments, Exclusive of Payments to Managed Care Plans	18
Exhibit 5	Estimated Fiscal Year 2004-05 Distribution of Medi-Cal Payments to Managed Care Plans.....	19

APPENDICES

Appendix A – Contracting Status of HFPAs as of December 1, 2004

Appendix B – Medi-Cal Hospital Contracting Status by Area as of December 1, 2004

EXECUTIVE SUMMARY

This twenty-second Annual Report to the Legislature by the California Medical Assistance Commission (CMAC) reports access and cost information relating to the past year's operation of the Selective Provider Contracting Program (SPCP), as well as the County Organized Health Systems and Geographic Managed Care programs for which CMAC has negotiating responsibility.

SELECTIVE PROVIDER CONTRACTING PROGRAM

The SPCP was established by the Legislature in 1982 and operates under a federal waiver in accordance with Section 1915(b)(4), Title XIX, of the Social Security Act. Other state law and regulations governing the Commission's activities are set forth in Welfare and Institutions Code sections 14165 et seq., California Code of Regulations, Title 22, Division 3, Section 51541, and California Code of Regulations, Title 22, Division 10, Sections 100501 et seq. Through the SPCP the State selectively contracts, on a competitive basis, with those hospitals in California that desire to provide services to Medi-Cal beneficiaries. The California Medical Assistance Commission is the agency established to negotiate with hospitals on behalf of the State. The SPCP has operated successfully for over twenty-one years. Competitive contracting has assured continued hospital access for beneficiaries while, at the same time, saving the state and federal governments substantial funds.

BENEFICIARY ACCESS

From its inception, the SPCP has selectively contracted with hospitals to provide services to beneficiaries. The requirement that the program ensure sufficient hospital beds to serve the Medi-Cal population has always been a key criterion in determining which hospitals should be contracting hospitals.

Overall, the 217 general acute care hospitals contracting with the State of California have sufficient capacity to provide all of the inpatient care necessary for beneficiaries in the areas where these hospitals operate. These

217 hospitals have over four times the number of licensed beds necessary to meet the inpatient care needs of Medi-Cal beneficiaries in the State.

PROGRAM SAVINGS

In addition to ensuring hospital access for beneficiaries through the competitive contracting program, the State has saved a significant amount of funds--a total of approximately \$8.3 billion in State General Fund savings since 1983. For fiscal year 2004-05 alone, State General Fund savings attributable to the SPCP are estimated to be \$781.1 million. These are funds that would have been spent, had the State continued operating under the traditional, cost-based reimbursement system which continues to operate in many parts of the United States.

Based on a fiscal year 2004-05 average statewide Medi-Cal contract rate of \$1,065 per day, the average contract rate has increased 107.6 percent, or approximately 3.7 percent per year on a compound basis, since the inception of the program. For non-contracting hospitals remaining under the cost-based reimbursement system, the average payment rate for the same period has increased 295.1 percent, or approximately 7.1 percent per year on a compound basis.

In addition to the Commission's role in contract hospital per diem negotiations, it is also charged with negotiating four of the Department of Health Services' (DHS) five County Organized Health Systems (COHS) and both of the Geographic Managed Care (GMC) programs. Through these negotiations, estimated State General Fund savings of \$362.6 million were achieved in fiscal year 2004-05, and a total State General Fund savings of over \$860 million has accrued since the commencement of CMAC managed care negotiations.

CONCLUSIONS

In summary, the SPCP and managed care activities of CMAC continue 1) to ensure access for Medi-Cal beneficiaries to hospital inpatient and health plan services and 2) to remain cost-effective programs for delivering and paying for those services in the year 2005.

SELECTIVE PROVIDER CONTRACTING PROGRAM

EFFECT OF SELECTIVE CONTRACTING ON ACCESS AND COST

The primary responsibility of the California Medical Assistance Commission (CMAC) is to maintain the integrity of the Medi-Cal Selective Provider Contracting Program (SPCP). For over twenty-one years, the SPCP has worked to provide access to hospital acute care inpatient services for Medi-Cal beneficiaries sufficient to meet need, while at the same time achieving significant savings over the traditional "cost-based" reimbursement system being utilized by many other states. Employing the concepts of competition and negotiation, the SPCP has more than two decades of experience that demonstrate the value of those concepts in the purchase of Medi-Cal health care services.

HOSPITALS AVAILABLE FOR MEDI-CAL BENEFICIARIES

Since the inception of the SPCP, the Commission has provided updated statistics to the Legislature annually that describe the current extent of acute care inpatient services available under an SPCP contract. An important consideration in evaluating the program has been the extent to which the "selective" aspect of the contracting program still assures that there are sufficient hospital beds and services available to Medi-Cal beneficiaries. A variety of analyses have been presented in previous reports to describe the availability and use of SPCP contracted services. Many of those analyses are updated for this report.

Of the 217 general acute care hospitals under contract, 212 hospitals are under contract in 63 "closed areas" of the State. "Closed areas" are those Health Facility Planning Areas (HFPAs) where SPCP contracts have been signed and Medi-Cal beneficiaries must receive inpatient care at a contract hospital, except in emergencies or as provided for under Welfare and Institutions Code section 14087. Five other hospitals are under contract in "open areas" of the State. "Open areas" are those HFPAs where the SPCP is not in effect. These are primarily rural, one-hospital areas where the principles

of competitive contracting do not apply. There were no changes in the SPCP status of any HFPAs in 2004. A listing of all HFPAs containing at least one contract hospital and showing all hospitals and their contracting status in each of those HFPAs is included in this report as Appendix A.

The number of hospitals entering into new SPCP contracts, terminating contracts and recontracting after termination since December 1, 1982 is presented in Table 1. A total of 217 general acute care hospitals were under contract as of December 1, 2004, 12 fewer hospitals than the previous year. This resulted from the contract termination of seven hospitals that no longer provide acute inpatient services, the closure of six hospitals, the consolidation of one license, one hospital contracting for the first time, and one hospital recontracting. Contracting status changes are provided in Table 2, and a listing of all SPCP contract hospitals available to Medi-Cal beneficiaries as of December 1, 2004, is provided in Appendix B.

TABLE 1
SPCP CONTRACT CHANGES
FROM DECEMBER 2, 1982 TO DECEMBER 1, 2004

	PRIOR MULTI-YEAR PERIODS			ANNUAL CHANGES			TOTAL
	82/86	86/90	90/01	01/02	02/03	03/04	82/04
Contracts at Start	0	271	236	237	234	229	0
New Contracts	293	21	60	1	0	1	376
Terminations/ Closures/ Consolidations	-30	-67	-96*	-4	-5	-14	-216
Recontracted	8	11	37	0	0	1	57
Contracts at End	271	236	237	234	229	217	217

* Seven of these terminations were the result of converting the contract fee-for-service mental health system to the State Department of Mental Health's managed care system effective January 1, 1995.

Source: CMAC Management Information System

TABLE 2

**HOSPITALS WITH SPCP CONTRACT CHANGES
FROM DECEMBER 2, 2003 THROUGH DECEMBER 1, 2004**

HOSPITAL	LOCATION
<u>Hospitals Initiating Contracting for the First Time (1)</u>	
San Mateo Medical Center	San Mateo
<u>Hospitals Recontracting (1)</u>	
Madera Community Hospital	Madera
<u>Hospitals Terminating (7)</u>	
San Gabriel Valley Medical Center	West San Gabriel
Anaheim Memorial Medical Center	Anaheim
San Jose Medical Center*	San Jose
Community Hospital of Los Gatos	San Jose
St. Dominic's Hospital**	Stockton
Regional Medical Center of San Jose	San Jose
Downey Community Hospital	Downey
<u>Hospitals Closing (6)</u>	
Santa Paula Memorial Hospital	Ventura
Santa Teresita Hospital	West San Gabriel
Monrovia Community Hospital	West San Gabriel
Century City Hospital	Santa Monica
ELAStar Community Hospital	Los Angeles
Northridge Hospital – Sherman Way Campus	Van Nuys
<u>Contract Changes Due to Mergers/License Consolidations (1)</u>	

* Closed December 9, 2004

** Purchased by Kaiser Permanente

The net change in the number of licensed beds available to Medi-Cal beneficiaries due solely to the above contracting status changes has been a reduction of approximately 3.2%.

SERVICE CAPACITY AVAILABLE TO MEET NEED

Table 3 presents data showing the percent of “Medi-Cal Area Need Under Contract.” The table depicts acute inpatient hospital bed capacity under contract, as a percentage of the area bed need, required to assure that Medi-Cal beneficiaries have access to acute inpatient services under the SPCP. The data is for calendar year 2003 and indicates, with the exception of two specific instances involving burn center services, that sufficient bed capacity was available in SPCP contracting hospitals to meet the acute inpatient hospitalization needs of Medi-Cal beneficiaries for the specified services in all geographic areas. The annotation “N/A” for Coastal and Riverside County is due to the fact that there are no licensed burn beds in these two areas.

CMAC takes into consideration trends with respect to acute inpatient utilization; changes in the availability of licensed bed services, e.g., neonatal intensive care; mergers and consolidations of hospitals; and the effect of managed care—both generally and specifically for Medi-Cal beneficiaries being served under the SPCP.

TABLE 3

**PERCENT OF 2003 MEDI-CAL AREA NEED
UNDER SPCP CONTRACT**

AREA*	TOTAL	MS/ICU	OB	NICU	PED	REHAB	BURN
STATEWIDE	402%	475%	261%	188%	364%	882%	616%
SACRAMENTO	341%	402%	366%	151%	212%	597%	125%
SAN FRANCISCO BAY	555%	733%	267%	181%	311%	591%	488%
SAN JOAQUIN VALLEY	279%	288%	293%	192%	231%	735%	792%
COASTAL	664%	1049%	200%	305%	1450%	1760%	N/A
LOS ANGELES	373%	422%	225%	179%	485%	1694%	1315%
ORANGE	624%	1178%	285%	187%	346%	4242%	967%
RIVERSIDE	444%	510%	304%	178%	703%	1370%	N/A
SAN BERNARDINO	235%	271%	226%	127%	188%	247%	306%
SAN DIEGO	452%	464%	437%	322%	433%	1066%	196%
* Refer to Appendix A, Closed Area Name, for identification of HFPAs within each Area designation.							
Service Codes	MS/ICU OB NICU PED REHAB BURN	Medical-Surgical & Intensive Care Obstetrics Neonatal Intensive Care Unit Pediatrics Acute Rehabilitation Burn Center					

Table 3 indicates that the statewide total for vacant licensed beds under SPCP contract was 402 percent greater than the Medi-Cal patient caseload required in 2003. The licensed beds and non-Medi-Cal patient caseload data was collected from the 2003 Annual Utilization Report of Hospitals from the Office of Statewide Health Planning and Development, which represents the most recent and complete report at the time this table was developed. Medi-Cal patient caseload data for 2003 was used in order to provide comparability to data derived from the 2003 Annual Utilization Report of Hospitals.

FEDERAL WAIVER

Since its inception, the SPCP has operated under a federal waiver, in accordance with Section 1915(b)(4) of the Social Security Act. The SPCP waiver must be renewed every two years and approved by the federal Centers for Medicare & Medicaid Services (CMS). CMS approved an extension to the SPCP waiver until July 31, 2005.

As mentioned in last year's Annual Report to the Legislature, the methodology to assess the SPCP waiver's cost effectiveness was changed during the last waiver, and it may change again under the new waiver. Historically, waiver renewal was contingent upon the State's ability to demonstrate the cost effectiveness of aggregate per diem and supplemental payments made under the SPCP waiver to payments estimated under a cost-based reimbursement system. This continues to be the Medi-Cal acute inpatient cost-based reimbursement methodology for those hospitals that do not participate in the SPCP. The difference between the aggregate payments made under the SPCP waiver and a cost-based reimbursement system was previously considered "waiver savings."

Beginning with fiscal year 2002-03, however, the methodology to assess the waiver's cost effectiveness changed, requiring the State to demonstrate compliance with new federal upper payment limits (UPL). As set forth in federal law, the UPL represents the limit of aggregate payments that can be made by the State based on Medicare payment principles. For hospital acute inpatient services, a separate UPL exists for each of the following facility categories: (1) non-State, government-owned (county and district) hospitals; (2) State-owned hospitals (hospitals owned by the University of California system); and (3) privately-owned hospitals. For the first time, the current SPCP waiver is also subject to annual spending limits based on UPL requirements.

Given these spending limits, demonstrating waiver savings to CMS, as defined above and historically used in SPCP waiver renewal estimates, is no longer a waiver requirement. However, the SPCP remains a cost-effective program. Relatedly, the SPCP saves the State substantial General Fund dollars when hospital per diem rates negotiated under the SPCP are compared to estimated Medi-Cal cost-based reimbursements. Therefore, all savings

estimates included in this Annual Report to the Legislature will hereafter be stated in terms of savings to the State General Fund.

MEDI-CAL REDESIGN

California is in the midst of a major redesign of its Medi-Cal program. The goal and centerpiece of the Medi-Cal Redesign effort will be the expanded use of managed care. Another element of Medi-Cal Redesign is to restructure the hospital financing system.

The principle authorization governing the current hospital financing system, the SPCP, operates under a 2-year federal waiver, with the current waiver extended by CMS to July 31, 2005. By this date, the SPCP waiver must be renewed, modified or replaced. The SPCP waiver is also one of the primary financing mechanisms used in California to reimburse safety-net hospitals. The SPCP waiver, as it currently exists, creates the following two major barriers to the Medi-Cal Redesign effort that must be addressed:

- It relies, in part, on intergovernmental transfer (IGT) funds from public entities, and the current SPCP waiver will not be renewed by CMS with the continued reliance on these funding mechanisms.
- Hospital safety net funding is largely dependent on fee-for-service hospital inpatient utilization, creating a major obstacle to the expansion of managed care.

The State Department of Health Services has reached agreement in concept with CMS on a new, five-year, 1115 demonstration waiver that will encompass a broad range of revisions to hospital Medi-Cal reimbursement, including the SPCP. The specific terms and conditions of the new waiver are currently under discussion with CMS. Once these waiver provisions are finalized, significant and more detailed discussions with hospitals, hospital representatives, and the Legislature regarding the State's implementation of the waiver will be needed. Implementation of the new waiver will have as its goal the establishment of a stable and sustainable financial structure that will accommodate Medi-Cal Redesign objectives so that the program can operate with maximum efficiency and provide the greatest possible access

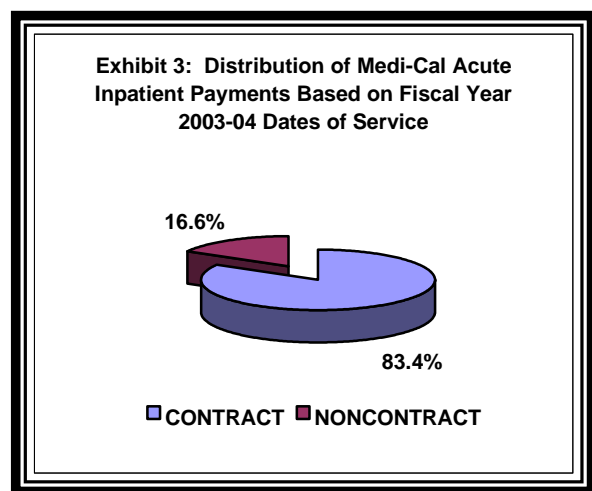
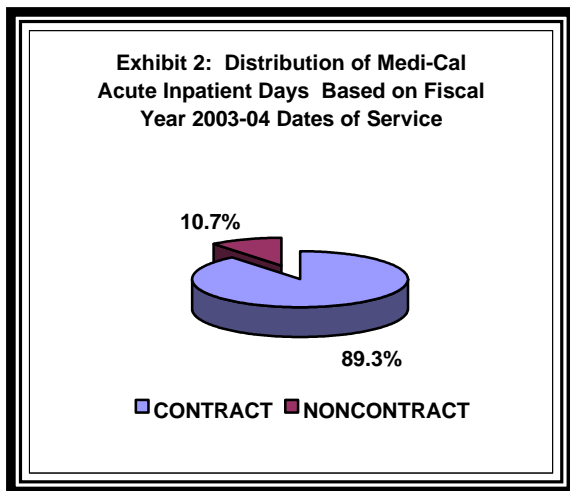
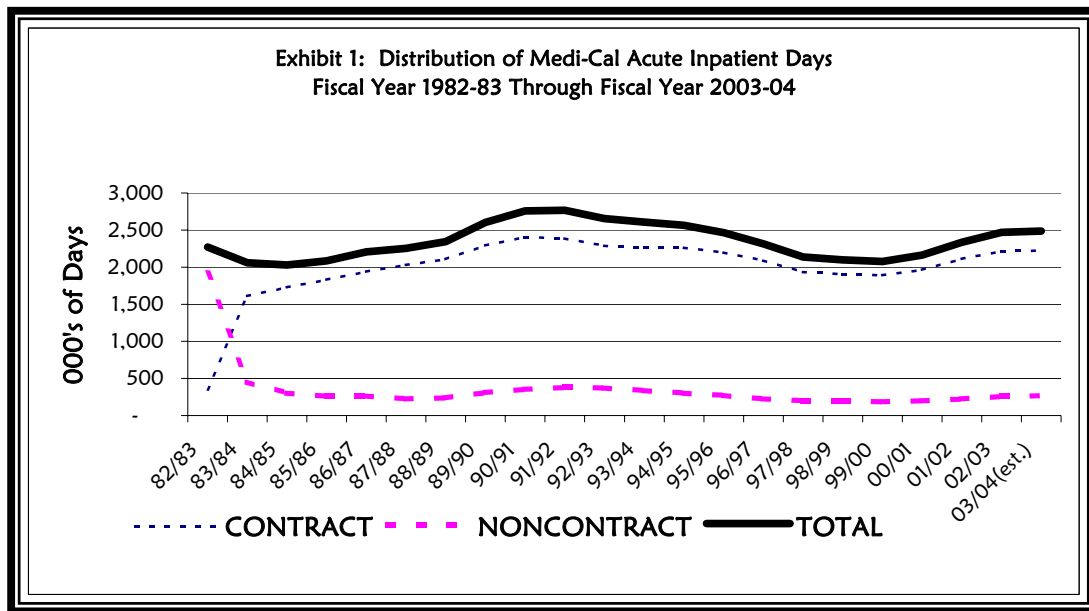
to health care, while sustaining California's fragile network of safety-net hospitals.

MEDI-CAL INPATIENT EXPENDITURES AND UTILIZATION

All days and dollars cited in this section are estimates for services provided in fiscal year 2003-04 based on fee-for-service (non-managed care) payments made by the State's Medi-Cal fiscal intermediary. Statewide, fee-for-service Medi-Cal expenditures for general acute care hospital inpatient services provided in fiscal year 2003-04 were approximately \$3.15 billion in State and federal funds. Of this amount, approximately \$2.63 billion, or 83.4 percent, was paid to SPCP hospitals. Non-contract hospitals accounted for 16.6 percent of the payments.

In fiscal year 2003-04, the Medi-Cal program purchased approximately 2.49 million days of inpatient hospital acute care at SPCP contract and non-contract hospitals, an increase of some 28,000 days over the previous fiscal year. SPCP contract hospitals provided approximately 2.22 million patient days of care in fiscal year 2003-04, representing 89.3 percent of the total inpatient acute care days provided to Medi-Cal beneficiaries. Non-contract hospitals provided the remaining 10.7 percent of total inpatient acute care days.

The following Exhibits display the current distribution of Medi-Cal acute inpatient days and payments between SPCP contract and non-contract hospitals as well as their trends since the inception of the SPCP.



ANALYSIS OF FISCAL IMPACT OF SPCP CONTRACTING PROGRAM

The implementation of the SPCP has generated substantial General Fund savings. These General Fund savings have increased from less than \$100.0 million per annum during the early years of the SPCP to the current estimate of \$781.1 million in General Fund savings for fiscal year 2004-05.

For the past twenty-two years, the fiscal impact of SPCP contracting has been monitored by comparing negotiated contract rates with estimates of what hospitals would have been paid under the cost-based reimbursement system. The Audits and Investigations Division of the Department of Health Services compiles data on Medi-Cal allowable costs and utilization as reported by each hospital for every fiscal year. This information is used to calculate allowable costs per day for each hospital. This figure is then adjusted by statewide inpatient inflation factors to arrive at a benchmark rate for each hospital.

These per day benchmark rates for contracting hospitals are then compared to actual CMAC negotiated rates. The number of days of service rendered by each hospital is multiplied by both the benchmark and the negotiated rate. The latter is subtracted from the former to show the SPCP savings estimate for each hospital. The result of adding the State General Fund savings figures for all hospitals under contract as of December 1, 2004 is a projected SPCP expenditure estimated to be \$781.1 million less than the total benchmark expenditure estimate for the year.

It is difficult to identify the amount of State General Fund savings produced by the SPCP with absolute certainty because it is difficult to accurately project what each of the 217 contracting hospitals would have received if the SPCP were discontinued and each hospital were to return to the cost-based reimbursement system. It is possible that hospitals would spend more than their estimated benchmarks because there would be less of an incentive to control costs under a cost-based reimbursement system. Thus, while CMAC continues to calculate SPCP savings figures, CMAC is reluctant to precisely represent any particular figure as SPCP savings for a particular year.

ADDITIONAL HOSPITAL FINANCING PROGRAMS

There are four additional hospital financing programs in California that provide supplemental payments to eligible SPCP hospitals. These supplemental funds are negotiated and/or distributed by CMAC through the SPCP contracts.

SB 1255 (Chapter 996, Statutes of 1989)

Welfare and Institutions Code section 14085.6 provides for the Emergency Services and Supplemental Payments (ESSP) Fund, commonly known as the SB 1255 program. This fund is designed to receive voluntary transfers from public sources, including available federal matching funds, for distribution to eligible hospitals through negotiations with CMAC. To be eligible to negotiate for distributions from the ESSP fund, a hospital must be:

- 1) a Medi-Cal SPCP contract hospital;
- 2) a disproportionate share provider based on requirements specified in State statute and the California State Medicaid Plan; and
- 3) a licensed provider of basic or comprehensive emergency medical services (or a children's hospital which provides such emergency services in conjunction with another licensed hospital), or meets other requirements as specified in Welfare and Institutions Code Section 14085.6.

Approximately \$1.9 billion was negotiated for payment to qualifying 1255 hospitals during fiscal year 2004-05.

SB 1732 (Chapter 1635, Statutes of 1988)

Welfare and Institutions Code section 14085.5 provides for the Construction and Renovation Reimbursement Program, commonly known as the SB 1732 program. This program provides for additional payments to disproportionate share hospitals for costs related to capital construction. While the SB 1732 program is administered by the Department of Health Services, funds are distributed as part of the SPCP. During fiscal year 2004-05, an estimated \$128.4 million in additional payments to hospitals will be made as a result of the SB 1732 program.

AB 761 (Chapter 226, Statutes of 1999)

Welfare and Institutions Code section 14085.9 provides for the Small and Rural Hospital Supplemental Payment Program. This program establishes a fund to provide supplemental reimbursement to small and rural hospitals with standby

emergency rooms that could not qualify for reimbursement under SB 1255. During fiscal year 2004-05, \$100,000 was distributed under this program.

Medical Education

Sections 14085.7 and 14085.8 were added to the Welfare and Institutions Code in the mid-1990s to create two new supplemental payment funds in support of medical education. The purpose of such funds is to recognize medical education costs associated with health care services rendered to Medi-Cal beneficiaries. Much like the SB 1255 fund, the Medi-Cal Medical Education Supplemental Payment Fund and the Medi-Cal Large Teaching Emphasis Hospital and Children's Hospital Medical Education Supplemental Payment Fund are financed through intergovernmental transfers (or other federally permissible donations) and then matched with federal Medicaid funds. Payments from these two funds to eligible hospitals are negotiated between CMAC and SPCP contracting hospitals that meet other criteria prescribed in State statute, providing that funds are available.

SPCP contracting hospitals that meet the definition of university teaching hospitals or major (non-university) teaching hospitals contained in the Department of Health Services' report dated May 1991, entitled "Hospital Peer Grouping," are eligible to negotiate for Medi-Cal Medical Education Supplemental Payment Funding. During fiscal year 2004-05, additional payments to hospitals qualifying under the Medi-Cal Education Supplemental Payment Fund were \$187.3 million.

An SPCP contracting hospital that is either: (1) a large teaching-emphasis hospital, as defined in the Department of Health Services' report dated May 1991, entitled "Hospital Peer Grouping," or (2) a children's hospital pursuant to Welfare and Institutions Code, section 10727; and meets the definition of an eligible hospital as defined in Welfare and Institutions Code section 14105.98, subdivision (a)(3), is eligible to negotiate for Medi-Cal Large Teaching Emphasis Hospital and Children's Hospital Medical Education Supplemental Payment Funding.

The Department of Health Services did not receive intergovernmental transfers to the Medi-Cal Large Teaching Emphasis and Children's Hospital Medical Education Supplemental Payment Fund during fiscal year 2004-05, nor were payments made from this fund. Eligible hospitals that have

historically received support through this fund received additional consideration from CMAC during the negotiation of SB 1255 distributions.

AVERAGE PAYMENT RATE CHANGES

The average per-day reimbursement received by the 217 general acute care hospitals with Medi-Cal SPCP contracts on December 1, 2004 was \$1,065. The overall increase in the statewide average resulted from the combination of the following effects during the twelve-month period:

- 23 Contract hospitals received an increase in rates through the negotiation process; there were 79 such increases in the previous year
- 3 Contract hospitals experienced a negotiated decrease in rates
- 1 Hospital began contracting for the first time
- 13 General acute care hospitals either closed their doors or terminated their contracts
- 1 Hospital recontracted

As of December 1, 2004, there were no longer any SPCP contracting hospitals paid an all-inclusive rate per discharge. There were six SPCP contracting hospitals with rate structures that included a separate discharge rate for obstetrical services, two less than the prior year.

Table 4 displays average contract rates by region and hospital size for calendar years 1984 through 2004. These numbers represent the average rate paid under SPCP contract as of December 1 for each year reported. The average rate a SPCP contract hospital receives has increased 107.6 percent from 1984 through 2004, or approximately 3.7 percent per year on a compound basis. This is in contrast to the historical change in the average

payment rate to non-contracting hospitals. Under the cost-based reimbursement system, the average payment rate from 1984 to 2004 has increased 295.1 percent or approximately 7.1 percent per year on a compound basis.

TABLE 4
AVERAGE MEDI-CAL SPCP CONTRACT RATES
AS OF DECEMBER 1, 2004

YEAR	1984	1987	1990	1993	1996	2000	2001	2002	2003	2004
STATEWIDE	\$513	\$544	\$651	\$780	\$836	\$905	\$957	\$991	\$1,028	\$1,065
BY CONSOLIDATED METROPOLITAN STATISTICAL AREA (CMSA)*										
So. California	\$516	\$541	\$662	\$789	\$837	\$891	\$921	\$952	\$964	\$992
SF Bay Area	\$562	\$592	\$682	\$816	\$873	\$985	\$1,104	\$1,178	\$1,218	\$1,285
Other Areas	\$483	\$525	\$620	\$748	\$815	\$905	\$962	\$999	\$1,060	\$1,095
BY NUMBER OF BEDS:										
1 – 99	\$467	\$480	\$544	\$647	\$686	\$777	\$799	\$839	\$855	\$867
100 – 299	\$511	\$545	\$653	\$780	\$842	\$911	\$952	\$982	\$1,041	\$1,070
300 +	\$578	\$619	\$738	\$871	\$918	\$1029	\$1,098	\$1,127	\$1,154	\$1,207
*CMSA – Area designations of the U.S. Office of Management and Budget										
Southern California =			Counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura							
San Francisco Bay Area =			Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma							
Other Areas =			All other counties not included in the other two areas							

Sources: CMAC Management Information System and Office of Statewide Health Planning and Development Hospital Annual Disclosure Report, Year 28 (fiscal year 2002-03).

MANAGED CARE

Since the mid-1990s, CMAC has negotiated the Department of Health Services' Medi-Cal managed care contracts with four of the five County Organized Health Systems (COHS) and both of the Geographic Managed Care (GMC) programs.

The COHS model is a mechanism by which a county may operate a managed health care plan to deliver medical services to local Medi-Cal beneficiaries. Enrollment in a COHS is mandatory for virtually the entire Medi-Cal population in that county and occurs concurrently with enrollment in the Medi-Cal program. As authorized under Welfare and Institutions Code section 14087.5, the four COHSs that negotiate with CMAC for their Medi-Cal reimbursement rates are:

- Health Plan of San Mateo (San Mateo County);
- Partnership Health Plan of California (Solano, Napa and Yolo Counties);
- CalOPTIMA (Orange County); and
- Central Coast Alliance for Health (Santa Cruz and Monterey Counties).

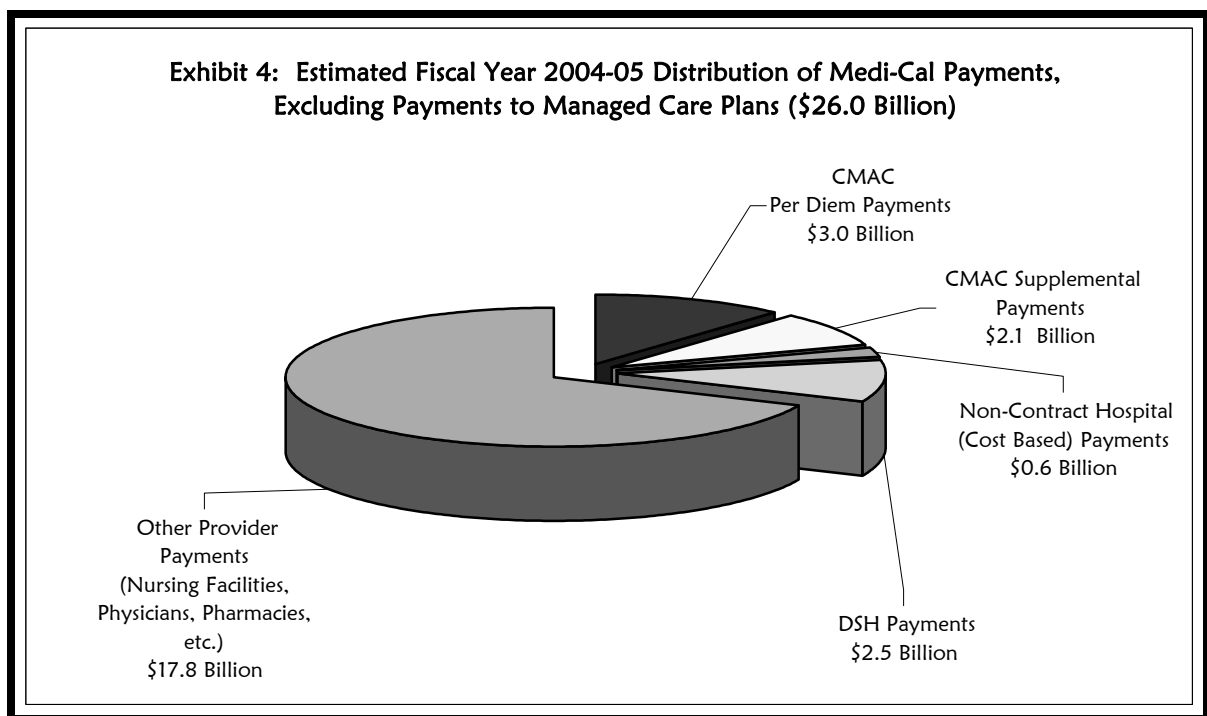
Under the GMC model, CMAC negotiates contract rates, terms and conditions for Medi-Cal contracts between competing HMOs and the Department of Health Services for a standard benefit package. There are two GMC programs currently operating in California, one in Sacramento County, which includes coverage for dental services, and the other in San Diego County.

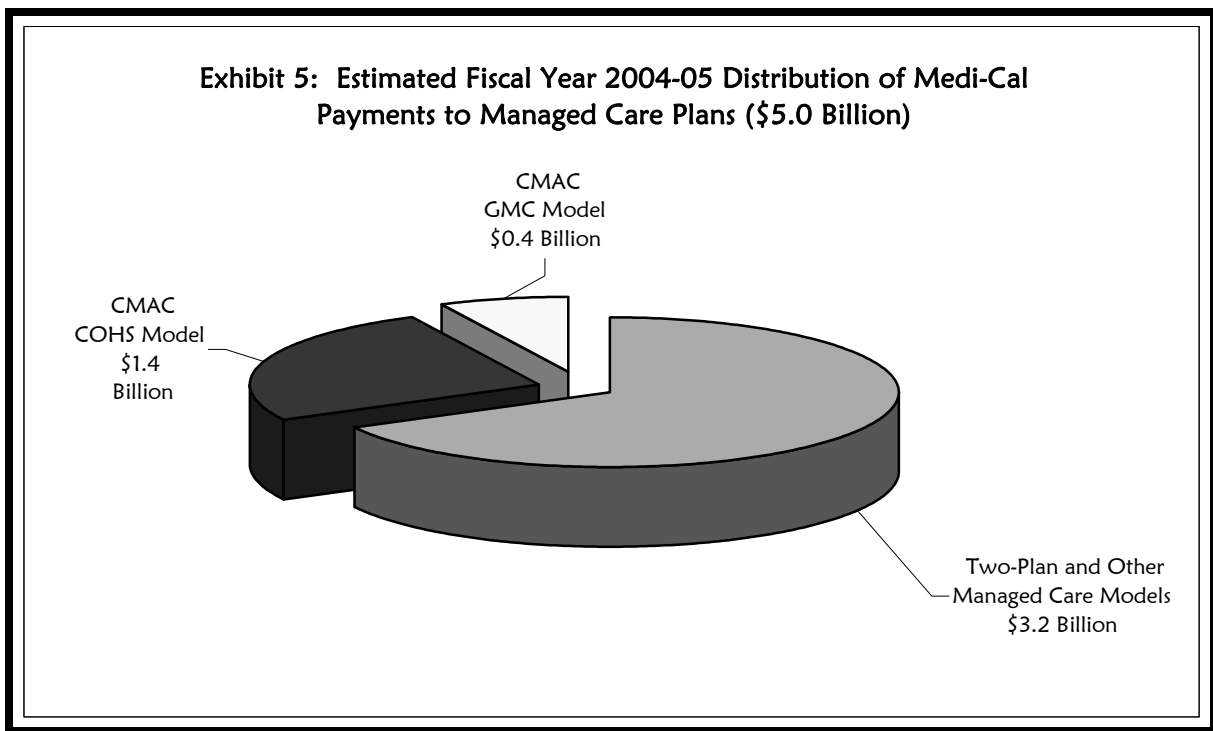
GMC is a Medi-Cal managed care model designed to provide a comprehensive program of managed care with maximum access by allowing Medi-Cal beneficiaries, in clearly defined geographical areas of the State, to choose among competing commercial health maintenance organizations (HMOs) (see Welfare and Institutions Code Section 14089). The features that distinguish the GMC model from the COHS managed care

model are multiple HMOs, beneficiary choice of an HMO, and some voluntary enrollment categories.

In fiscal year 2004-05, the State General Fund savings due to CMAC's managed care rate negotiations are estimated to be \$362.6 million. Since the commencement of CMAC managed care negotiations, the accumulated State General Fund annual savings associated with these negotiations are estimated to be in excess of \$860 million.

As shown in Exhibits 4 and 5, as projected from the fiscal year 2004-05 Medi-Cal Estimate (prepared by the Department of Health Services), CMAC negotiates roughly 22 percent of the total Medi-Cal program budget of \$31.0 billion (\$3.0 billion in SPCP inpatient per diem payments, \$2.1 in supplemental program payments, and \$1.8 billion for managed care).





Source: May 2005 Medi-Cal Estimate (Prepared by the Department of Health Services).
Estimated distributions are based on CMAC negotiations and Medi-Cal Paid Claims Data.

CONCLUSIONS

After twenty-two years of operation, the SPCP continues to ensure access to hospital inpatient acute care services for Medi-Cal beneficiaries. Additionally, and importantly, the SPCP remains a cost-effective program for delivering and paying for acute hospital inpatient services.

In fiscal year 2004-05, the SPCP has realized estimated State General Fund program savings of \$781.0 million as a result of negotiating Medi-Cal acute inpatient per diem rates of reimbursement with 217 hospitals. Over the twenty-two years of the SPCP, the State General Fund has realized accumulated estimated savings of \$8.3 billion.

In addition to the savings resulting from SPCP contract hospital per diem negotiations, an estimated savings of \$362.6 million was achieved in fiscal year 2004-05 through negotiated rates with DHS' Managed Care Plan

programs—the four County Organized Health Systems and the two Geographic Managed Care programs. Since the beginning of CMAC’s managed care negotiations, an estimated total State General Fund savings of over \$860 million has accrued.

As described above, total savings resulting from CMAC negotiations over the life of its existence is roughly \$9 billion.

APPENDIX A

**Contracting Status of HFPAs as of
December 1, 2004**

APPENDIX A

CONTRACTING STATUS OF HFPAs AS OF DECEMBER 1, 2004

CLOSED AREA NAME	HFWA	HFWA NAME	AREA STATUS	CLOSURE DATE	REOPEN DATE	RECLOSURE DATE
	101	CRESCENT CITY	OPEN			
	103	HOOPA	OPEN			
	105	EUREKA	OPEN			
	107	FORTUNA	OPEN			
	109	GARBERVILLE	OPEN			
	111	FORT BRAGG	OPEN			
	112	WILLITS	OPEN			
	113	UKIAH	OPEN			
	115	LAKEPORT	OPEN			
	201	ALTURAS	OPEN			
	203	YREKA	OPEN			
	205	MOUNT SHASTA	OPEN			
	207	WEAVERVILLE	OPEN			
	209	REDDING	OPEN	1-Jun-84	1-Jul-89	
	210	FALL RIVER MILLS	OPEN			
	211	RED BLUFF	OPEN			
	213	SUSANVILLE	OPEN	1-Aug-83	27-Aug-96	
	215	QUINCY	OPEN			
	217	PORTOLA	OPEN			
	219	CHICO	OPEN	1-Sep-84	1-Jul-89	
	220	PARADISE	OPEN			
	221	OROVILLE	OPEN			
	223	WILLOWS	OPEN			
	225	COLUSA	OPEN			
	227	MARYSVILLE	OPEN			
	300	LOYALTON	OPEN			
	301	NEVADA CITY	OPEN			
	302	NORTH LAKE TAHOE	OPEN			
	304	PLACERVILLE	OPEN			
	306	SOUTH LAKE TAHOE	OPEN			
	308	AUBURN	OPEN			
SACRAMENTO	309	ROSEVILLE	CLOSED	1-Jul-83		
SACRAMENTO	311	SACRAMENTO	CLOSED	1-Feb-83		
	313	WOODLAND	OPEN	1-Jun-83	13-Jun-02	
	401	SANTA ROSA	OPEN			
	403	PETALUMA	OPEN			
SAN FRANCISCO BAY	405	SAN RAFAEL	CLOSED	1-Jul-83		
	407	NAPA	OPEN			
	408	FAIRFIELD	OPEN	1-Aug-83	1-Aug-85	
	409	VALLEJO	OPEN			
SAN FRANCISCO BAY	411	CONCORD	CLOSED	1-Jul-83		
SAN FRANCISCO BAY	413	RICHMOND	CLOSED	1-Jul-83		
SAN FRANCISCO BAY	415	BERKELEY	CLOSED	1-Mar-83		
SAN FRANCISCO BAY	417	OAKLAND	CLOSED	1-Mar-83		
	419	LIVERMORE	OPEN			
SAN FRANCISCO BAY	421	HAYWARD	CLOSED	1-Mar-83		
SAN FRANCISCO BAY	423	SAN FRANCISCO	CLOSED	1-Feb-83		

APPENDIX A

CONTRACTING STATUS OF HFPAs AS OF DECEMBER 1, 2004

CLOSED AREA NAME	HFPA	HFPA NAME	AREA STATUS	CLOSURE DATE	REOPEN DATE	RECLOSURE DATE
SAN FRANCISCO BAY	425	DALY CITY	CLOSED	1-Feb-83		
	427	SAN MATEO	OPEN			
SAN FRANCISCO BAY	428	REDWOOD CITY	CLOSED	1-Mar-83		
SAN FRANCISCO BAY	429	PALO ALTO	CLOSED	1-Mar-83		
SAN FRANCISCO BAY	431	SAN JOSE	CLOSED	1-Mar-83		
	433	GILROY	OPEN			
	501	JACKSON	OPEN			
	503	SAN ANDREAS	OPEN			
SAN JOAQUIN VALLEY	505	LODI	CLOSED	1-Jul-83		
SAN JOAQUIN VALLEY	507	STOCKTON	CLOSED	1-Aug-87		
SAN JOAQUIN VALLEY	509	TRACY	CLOSED	1-Jul-83		
SAN JOAQUIN VALLEY	511	MODESTO	CLOSED	1-Jun-83		
SAN JOAQUIN VALLEY	513	SONORA	CLOSED	1-Jun-83		
SAN JOAQUIN VALLEY	515	MERCED	CLOSED	1-Jun-83		
SAN JOAQUIN VALLEY	516	TURLOCK	CLOSED	1-Jun-83		
	517	LOS BANOS	OPEN	1-Jun-83	9-Aug-01	
SAN JOAQUIN VALLEY	601	MADERA	CLOSED	1-Jul-83		
	603	MARIPOSA	OPEN			
SAN JOAQUIN VALLEY	605	FRESNO	CLOSED	1-Jul-83		
	607	REEDLEY	OPEN	1-Jun-83	1-Jul-01	
	608	DINUBA	OPEN	1-Jun-83	9-Mar-00	
	609	COALINGA	OPEN			
	611	VISALIA	OPEN			
	613	PORTERVILLE	OPEN			
	615	HANFORD	OPEN			
SAN JOAQUIN VALLEY	617	BAKERSFIELD	CLOSED	1-Aug-83		
	619	KERN RIVER VALLEY	OPEN			
	621	RIDGECREST	OPEN			
	623	TEHACHAPI	OPEN			
	625	TAFT	OPEN			
	701	HOLLISTER	OPEN			
COASTAL	703	SANTA CRUZ	CLOSED	1-Jun-83		
	705	SALINAS	OPEN	1-Jul-86	1-Feb-90	
	707	MONTEREY	OPEN	1-Jan-86	1-Feb-90	
	709	KING CITY	OPEN	1-Jul-86	1-Jul-89	
	711	WATSONVILLE	OPEN	27-Nov-85	23-Mar-93	
COASTAL	801	SAN LUIS OBISPO	CLOSED	1-Jun-83		
	803	SANTA MARIA	OPEN			
	805	LOMPOC	OPEN			
	807	SANTA BARBARA	OPEN			
COASTAL	809	VENTURA	CLOSED	1-Jul-83		
COASTAL	811	OXNARD	CLOSED	1-Jul-83		
LOS ANGELES	901	LANCASTER	CLOSED	1-Jul-83		
LOS ANGELES	903	SAN FERNANDO	CLOSED	1-Apr-83		
LOS ANGELES	905	VAN NUYS	CLOSED	1-Apr-83		
LOS ANGELES	907	BURBANK	CLOSED	1-Apr-83		
LOS ANGELES	909	GLENDALE	CLOSED	1-Apr-83		

APPENDIX A

CONTRACTING STATUS OF HFPAs AS OF DECEMBER 1, 2004

CLOSED AREA NAME	HFWA	HFWA NAME	AREA STATUS	CLOSURE DATE	REOPEN DATE	RECLOSURE DATE
LOS ANGELES	911	PASADENA	CLOSED	1-Apr-83		
LOS ANGELES	913	WEST SAN GABRIEL	CLOSED	1-Apr-83		
LOS ANGELES	915	EAST SAN GABRIEL	CLOSED	1-Apr-83		
LOS ANGELES	917	POMONA	CLOSED	1-Apr-83		
LOS ANGELES	919	WHITTIER	CLOSED	1-Apr-83		
LOS ANGELES	921	DOWNEY-NORWALK	CLOSED	1-Apr-83		
LOS ANGELES	923	LYNWOOD	CLOSED	1-Feb-83		
LOS ANGELES	925	LOS ANGELES	CLOSED	1-Apr-83		
LOS ANGELES	927	SANTA MONICA	CLOSED	1-Apr-83		
LOS ANGELES	929	INGLEWOOD	CLOSED	1-Jan-85	1-Feb-86	1-Jun-92
LOS ANGELES	931	TORRANCE	CLOSED	15-Aug-84	1-Feb-90	24-May-94
LOS ANGELES	933	LONG BEACH	CLOSED	1-Feb-83		
LOS ANGELES	935	WATTS	CLOSED	1-Apr-83		
LOS ANGELES	937	LA CANADA	CLOSED	1-Apr-83		
ORANGE	1011	FULLERTON	CLOSED	1-Nov-84		
ORANGE	1012	ANAHEIM	CLOSED	1-May-83		
ORANGE	1013	BUENA PARK	CLOSED	1-May-83		
	1014	HUNTINGTON BEACH	OPEN	1-May-83	17-Nov-90	
ORANGE	1015	SANTA ANA	CLOSED	1-May-83		
	1016	NEWPORT BEACH	OPEN			
	1017	SOUTH ORANGE	OPEN			
	1101	BLYTHE	OPEN			
RIVERSIDE	1103	INDIO	CLOSED	11-Jul-95		
RIVERSIDE	1105	PALM SPRINGS	CLOSED	1-Jul-83		
RIVERSIDE	1107	BANNING	CLOSED	1-Aug-83		
RIVERSIDE	1109	HEMET	CLOSED	1-Jul-83		
RIVERSIDE	1111	RIVERSIDE	CLOSED	1-Jul-83		
	1201	SOUTHERN INYO	OPEN			
	1203	NORTHERN INYO	OPEN			
	1205	MONO COUNTY	OPEN			
SAN BERNARDINO	1207	W. SAN BERNARDINO	CLOSED	1-Jul-83		
SAN BERNARDINO	1209	SAN BERNARDINO	CLOSED	1-Jun-83		
	1211	VICTOR VALLEY	OPEN			
	1213	BARSTOW	OPEN			
	1214	MORONGO BASIN	OPEN			
	1215	NEEDLES	OPEN			
	1217	BEAR VALLEY	OPEN			
SAN DIEGO	1412	INLND N. SAN DIEGO CO	CLOSED	1-Apr-83		
SAN DIEGO	1414	CSTAL N. SAN DIEGO CO	CLOSED	1-Apr-83		
SAN DIEGO	1416	NORTH SAN DIEGO CITY	CLOSED	1-Jul-83		
SAN DIEGO	1418	CNTRL SAN DIEGO CITY	CLOSED	1-Feb-83		
SAN DIEGO	1420	SOUTH SAN DIEGO CO	CLOSED	1-Feb-83		
SAN DIEGO	1422	EAST SAN DIEGO CO	CLOSED	1-Feb-83		
	1424	IMPERIAL COUNTY	OPEN			

SOURCE: California Medical Assistance Commission Management Information System

APPENDIX B

**Medi-Cal Hospital Contracting
Status by Area as of
December 1, 2004**

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
PLACER/SACRAMENTO	ROSEVILLE	309	950	C		MERCY SAN JUAN HOSPITAL
			1000	C		SUTTER ROSEVILLE MEDICAL CENTER
			4029	C		MERCY HOSPITAL OF FOLSOM
			4024		NC	KAISER VALLEY MEDICAL CENTER
			4035		NC	KINDRED HOSPITAL - SACRAMENTO
			TOTAL	3	2	
			913		NC	KAISER FOUNDATION HOSPITAL-SACRAMENTO
			947	C		MERCY GENERAL HOSPITAL
			951	C		METHODIST HOSPITAL OF SACRAMENTO
SACRAMENTO	SACRAMENTO	311	1006	C		UC DAVIS MEDICAL CENTER
			1051	C		SUTTER COMMUNITY HOSPITALS OF SACRAMENTO (2 Service Sites)
			2344		NC	KAISER FOUNDATION HOSPITAL-S. SACRAMENTO
			4114		NC	SHRINERS HOSPITAL
			TOTAL	4	3	
			992		NC	KAISER FOUNDATION HOSPITAL -SAN RAFAEL
			993	C		KENTFIELD REHABILITATION HOSPITAL
			1006	C		MARIN GENERAL HOSPITAL
			4035	C		NOVATO COMMUNITY HOSPITAL
MARIN	SAN RAFAEL	405	TOTAL	3	1	
			924	C		CONTRA COSTA REGIONAL MEDICAL CENTER
			934		NC	SUTTER DELTA MEDICAL CENTER
			988		NC	JOHN MUIR MEMORIAL HOSPITAL
			990		NC	KAISER FOUNDATION HOSPITAL - WALNUT CREEK
			1018		NC	MT. DIABLO MEDICAL CENTER
			4017		NC	SAN RAMON REGIONAL MEDICAL CENTER
			TOTAL	1	5	
CONTRA COSTA	CONCORD	411	904	C		DOCTORS MEDICAL CENTER - SAN PABLO
			4093		NC	KAISER FOUNDATION HOSPITAL - RICHMOND
			TOTAL	1	1	
			739	C		ALTA BATES MEDICAL CENTER (2 Service Sites)
			TOTAL	1	0	
			735	C		ALAMEDA HOSPITAL
			776	C		CHILDREN'S HOSPITAL & RESEARCH CENTER AT OAKLAND
			846	C		<u>ALAMEDA CO. MEDICAL CENTER-HIGHLAND</u>
ALAMEDA	OAKLAND	417	856		NC	KAISER FOUNDATION HOSPITAL - OAKLAND
			937	C		SUMMIT MEDICAL CENTER (2 Service Sites)
			TOTAL	4	1	
			735	C		ALAMEDA HOSPITAL
			776	C		CHILDREN'S HOSPITAL & RESEARCH CENTER AT OAKLAND
			846	C		<u>ALAMEDA CO. MEDICAL CENTER-HIGHLAND</u>
			856		NC	KAISER FOUNDATION HOSPITAL - OAKLAND
			937	C		SUMMIT MEDICAL CENTER (2 Service Sites)
			TOTAL	4	1	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
ALAMEDA	HAYWARD	421		805	C	EDEN MEDICAL CENTER (2 Service Sites)
				811	C	<u>ALAMEDA CO. MEDICAL CENTER-FAIRMONT</u>
				858	NC	KAISER FOUNDATION HOSPITAL (2 Service Sites)
				887	C	KINDRED-S.F. BAY AREA
				967	C	ST. ROSE HOSPITAL
				987	C	WASHINGTON HOSPITAL - FREMONT
				3619	NC	SAN LEANDRO HOSPITAL
				=====	=====	
			TOTAL	5	2	
SAN FRANCISCO	SAN FRANCISCO	423		857	NC	KAISER FOUNDATION HOSPITAL - SAN FRANCISCO
				865	NC	LAGUNA HONDA HOSPITAL & REHABILITATION CENTER
				929	C	<u>CALIFORNIA PACIFIC MEDICAL CENTER (3 Service Sites)</u>
				933	C	<u>DAVIES MEDICAL CENTER</u>
				939	C	SAN FRANCISCO GENERAL HOSPITAL MEDICAL CTR
				960	C	ST. FRANCIS MEMORIAL HOSPITAL
				964	C	ST. LUKE'S HOSPITAL
				965	C	ST. MARY'S HOSPITAL AND MEDICAL CENTER
				1154	C	UCSF HOSPS & CLINICS & MT ZION MEDICAL CNTR OF THE UCSF (2 Service Sites)
				2715	C	CHINESE HOSPITAL
SAN MATEO	DALY CITY	425		806	NC	KAISER FOUNDATION HOSPITAL -S. SAN FRANCISCO
				817	C	SETON MEDICAL CENTER
				=====	=====	
SANTA CLARA	PALO ALTO	429		782	C	SAN MATEO MEDICAL CENTER
				=====	=====	
			427	TOTAL	1	0
				804	NC	KAISER FOUNDATION HOSPITAL - REDWOOD CITY
				891	C	SEQUOIA HOSPITAL
				4018	NC	RECOVERY INN OF MENLO PARK
				=====	=====	
			428	TOTAL	1	2
SANTA CLARA	PALO ALTO	429		763	C	EL CAMINO HOSPITAL OF MOUNTAIN VIEW
				805	NC	KAISER FOUNDATION HOSPITAL - SANTA CLARA
				905	C	STANFORD HOSPITAL AND CLINICS
				4040	C	LUCILE SALTER PACKARD CHILDREN'S HOSP. STANFORD
				=====	=====	
			TOTAL	3	1	
				705	NC	REGIONAL MEDICAL CENTER OF SAN JOSE
				743	NC	COMMUNITY HOSPITAL OF LOS GATOS
				779	C	GOOD SAMARITAN HOSPITAL OF SANTA CLARA VALLEY
				837	C	O'CONNOR HOSPITAL
SANTA CLARA	SAN JOSE	431		879	NC	SAN JOSE MEDICAL CENTER
				883	C	SANTA CLARA VALLEY MEDICAL CENTER
				915	NC	MISSION OAKS HOSPITAL
				1506	NC	KAISER - SANTA TERESA COMMUNITY HOSPITAL
				4051	NC	CHILDREN'S RECOVERY CENTER
				=====	=====	
			TOTAL	3	6	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
SAN JOAQUIN	LODI	505	923	C		LODI MEMORIAL HOSPITAL (2 Service Sites)
			TOTAL	1	0	
			846	C		DAMERON HOSPITAL
			1010	C		SAN JOAQUIN GENERAL HOSPITAL
			1042	C		ST. JOSEPH'S MEDICAL CENTER OF STOCKTON
SAN JOAQUIN	STOCKTON	507	2287	C		DOCTORS HOSPITAL OF MANTECA
			4009		NC	KAISER - MANTECA
			TOTAL	4	1	
SAN JOAQUIN	TRACY	509	1056	C		SUTTER TRACY COMMUNITY HOSPITAL
			TOTAL	1	0	
			852	C		DOCTOR'S MEDICAL CENTER
			939	C		MEMORIAL HOSPITAL MEDICAL CENTER - MODESTO
			954	C		CENTRAL CALIFORNIA REHABILITATION HOSPITAL
STANISLAUS	MODESTO	511	967	C		OAK VALLEY DISTRICT HOSPITAL
			4038		NC	STANISLAUS SURGICAL
			TOTAL	4	1	
TUOLUMNE	SONORA	513	1034		NC	SONORA COMMUNITY HOSPITAL (2 Service Sites)
			1061	C		TUOLUMNE GENERAL HOSPITAL
			TOTAL	1	1	
MERCED	MERCED	515	942	C		MERCY MEDICAL CENTER MERCED-COMMUNITY CAMPUS
			948	C		MERCY HOSPITAL
			TOTAL	2	0	
STANISLAUS	TURLOCK	516	867	C		EMANUEL MEDICAL CENTER
			TOTAL	1	0	
MERCED	LOS BANOS	517	853	C		DOS PALOS MEMORIAL HOSPITAL
			924		NC	MEMORIAL HOSPITAL OF LOS BANOS
			TOTAL	1	1	
MADERA	MADERA	601	692	C		CHOWCHILLA DISTRICT MEMORIAL HOSPITAL
			1281	C		MADERA COMMUNITY HOSPITAL
			4019	C		VALLEY CHILDREN'S HOSP & GUIDANCE CLINIC
			TOTAL	3	0	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
FRESNO	FRESNO	605	717	C		<u>FRESNO COMMUNITY HOSPITAL & MED CENTER</u>
			822	C		<u>UNIVERSITY MEDICAL CENTER</u>
			899	C		ST. AGNES MEDICAL CENTER
			4016	C		COMMUNITY MEDICAL CENTER - CLOVIS
			4023	C		SAN JOAQUIN VALLEY REHABILITATION HOSPITAL
			4047		NC	FRESNO SURGERY CENTER
			4062		NC	KAISER FOUNDATION HOSPITAL-FRESNO
			5029		NC	FRESNO HEART HOSPITAL
			=====			
			TOTAL	5	3	
KERN	BAKERSFIELD	617	706	C		DELANO REGIONAL MEDICAL CENTER
			722		NC	BAKERSFIELD MEMORIAL HOSPITAL
			736	C		KERN MEDICAL CENTER
			761		NC	MERCY HOSPITAL - BAKERSFIELD (2 Service Sites)
			775	C		GOOD SAMARITAN HOSPITAL
			788	C		SAN JOAQUIN COMMUNITY HOSPITAL
			4022	C		HEALTHSOUTH BAKERSFIELD REHABILITATION HOSPITAL
			4101		NC	BAKERSFIELD HEART HOSPITAL
			=====			
			TOTAL	5	3	
SANTA CRUZ	SANTA CRUZ	703	755	C		DOMINICAN SANTA CRUZ HOSPITAL (2 Service Sites)
			4012		NC	SUTTER MATERNITY & SURGERY CENTER
			=====			
MONTEREY	SALINAS	705	4043	C		NATIVIDAD MEDICAL CENTER
			875	C		SALINAS VALLEY MEMORIAL HOSPITAL
			=====			
SAN LUIS OBISPO	SAN LUIS OBISPO	801	466	C		ARROYO GRANDE COMMUNITY HOSPITAL
			480	C		FRENCH HOSPITAL MEDICAL CENTER
			524	C		SIERRA VISTA REGIONAL MEDICAL CENTER
VENTURA	VENTURA	809	548	C		TWIN CITIES COMMUNITY HOSPITAL
			=====			
			TOTAL	4	0	
VENTURA	VENTURA	809	473	C		COMMUNITY MEMORIAL HOSPITAL OF SAN BUENAVENTURA
			481	C		VENTURA COUNTY MEDICAL CENTER
			501	C		OJAI VALLEY COMMUNITY HOSPITAL
VENTURA	OXNARD	811	=====			
			492	C		LOS ROBLES REGIONAL MEDICAL CENTER (2 service sites)
			508	C		ST. JOHN'S PLEASANT VALLEY HOSPITAL
VENTURA	OXNARD	811	525	C		SIMI VALLEY HOSPITAL & HEALTH CARE CENTER
			529	C		ST. JOHN'S REGIONAL MEDICAL CENTER
			=====			
			TOTAL	4	0	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
LOS ANGELES	LANCASTER	901	34	C		ANTELOPE VALLEY HOSPITAL MEDICAL CENTER
			455		NC	LANCASTER COMMUNITY HOSPITAL
			=====			
			TOTAL	1	1	
LOS ANGELES	SAN FERNANDO	903	385	C		PROVIDENCE HOLY CROSS MEDICAL CENTER
			949	C		HENRY MAYO NEWHALL MEMORIAL HOSPITAL
			1231	C		<u>LOS ANGELES CO. OLIVE VIEW MEDICAL CENTER</u>
			=====			
			TOTAL	3	0	
LOS ANGELES	VAN NUYS	905	432		NC	KAISER FOUNDATION HOSPITAL - PANORAMA CITY
			517	C		ENCINO-TARZANA REGIONAL MEDICAL CENTER (2 Service Sites)
			524	C		MISSION COMMUNITY HOSPITAL
			552	C		MOTION PICTURE & TELEVISION HOSPITAL
			568	C		NORTHRIDGE HOSPITAL MEDICAL CTR-ROSCOE BLVD.
			708	C		SHERMAN OAKS HOSPITAL AND HEALTH CENTER
			812	C		VALLEY PRESBYTERIAN HOSPITAL
			859		NC	WEST HILLS MEDICAL CENTER
			1450		NC	KAISER FOUNDATION HOSPITAL - WOODLAND HILLS
			=====			
			TOTAL	6	3	
LOS ANGELES	BURBANK	907	696	C		PACIFICA HOSPITAL OF THE VALLEY
			758	C		PROVIDENCE ST. JOSEPH MEDICAL CENTER
			=====			
LOS ANGELES	GLENDALE	909	323	C		GLENDALE ADVENTIST MED CNTR WILSON TERRACE
			522	C		GLENDALE MEMORIAL HOSPITAL & HEALTH CENTER
			=====			
LOS ANGELES	PASADENA	911	400	C		HUNTINGTON MEMORIAL HOSPITAL
			=====			
			TOTAL	1	0	
LOS ANGELES	WEST SAN GABRIEL	913	17	C		ALHAMBRA HOSPITAL
			176	C		CITY OF HOPE NATIONAL MEDICAL CENTER
			200		NC	SAN GABRIEL VALLEY MEDICAL CENTER
			315	C		GARFIELD MEDICAL CENTER
			352	C		GREATER EL MONTE COMMUNITY HOSPITAL
			529	C		METHODIST HOSPITAL OF SOUTHERN CALIFORNIA
			547	C		MONTEREY PARK HOSPITAL
			=====			
			TOTAL	6	1	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
LOS ANGELES	EAST SAN GABRIEL	915	298	C		FOOTHILL PRESBYTERIAN HOSPITAL
			328	C		EAST VALLEY HOSPITAL MEDICAL CENTER
			413	C		<u>CITRUS VALLEY MEDICAL CENTER - INTERCOMMUNITY</u>
			458		NC	KINDRED HOSPITAL - SAN GABRIEL VALLEY
			636	C		<u>CITRUS VALLEY MEDICAL CENTER - QUEEN OF THE VALLEY</u>
			857	C		DOCTORS HOSPITAL OF WEST COVINA
			6035		NC	KAISER FOUNDATION HOSPITAL - BALDWIN PARK
			=====			
			TOTAL	5	2	
			=====			
LOS ANGELES	POMONA	917	137	C		CASA COLINA HOSP FOR REHABILITATIVE MEDICINE
			630	C		POMONA VALLEY COMMUNITY HOSPITAL
			673	C		SAN DIMAS COMMUNITY HOSPITAL
			=====			
			TOTAL	3	0	
LOS ANGELES	WHITTIER	919	81	C		BEVERLY HOSPITAL
			631	C		PRESBYTERIAN INTERCOMMUNITY HOSPITAL
			883	C		WHITTIER HOSPITAL MEDICAL CENTER
			=====			
			TOTAL	3	0	
LOS ANGELES	DOWNEY/NORWALK	921	66	C		BELLFLOWER MEDICAL CENTER
			159	C		TRI CITY REGIONAL MEDICAL CENTER
			430		NC	KAISER FOUNDATION HOSPITAL - BELLFLOWER
			449		NC	KINDRED HOSPITAL - LA MIRADA
			599	C		SUBURBAN MEDICAL CENTER
			766	C		COAST PLAZA DOCTORS HOSPITAL
			1306	C		<u>LOS ANGELES CO. RANCHO LOS AMIGOS MED CTR</u>
			=====			
			TOTAL	5	2	
			=====			
LOS ANGELES	LYNWOOD	923	197	C		COMMUNITY AND MISSION HOSPITALS OF HUNTINGTON PARK (2 Service Sites)
			754	C		ST. FRANCIS MEDICAL CENTER
			=====			
			TOTAL	2	0	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
LOS ANGELES	LOS ANGELES	925	52	C		BARLOW HOSPITAL
			125	C		CALIFORNIA MEDICAL CENTER - LOS ANGELES
			170	C		CHILDREN'S HOSPITAL OF LOS ANGELES
			198	C		LOS ANGELES COMMUNITY HOSPITAL (2 Service Sites)
			256	C		EAST LOS ANGELES DOCTORS HOSPITAL
			307	C		PACIFIC ALLIANCE MEDICAL CENTER
			380	C		HOLLYWOOD COMMUNITY HOSPITAL OF HOLLYWOOD
			382	C		QUEEN OF ANGELS/HOLLYWOOD PRESBY MED CTR
			392	C		GOOD SAMARITAN HOSPITAL
			429		NC	KAISER FOUNDATION HOSPITAL - LOS ANGELES
			468	C		LINCOLN HOSPITAL MEDICAL CENTER
			534		NC	MIDWAY HOSPITAL MEDICAL CENTER
			555	C		CEDARS SINAI MEDICAL CENTER
			581	C		ORTHOPAEDIC HOSPITAL
			661	C		CITY OF ANGELS MEDICAL CENTER - DOWNTOWN
			681	C		SAN VICENTE HOSPITAL
			762	C		ST. VINCENT MEDICAL CENTER
			784	C		TEMPLE COMMUNITY HOSPITAL
			854	C		LOS ANGELES METROPOLITAN MEDICAL CENTER
			878	C		WHITE MEMORIAL MEDICAL CENTER
			1216	C		USC KENNETH NORRIS, JR. CANCER HOSPITAL
			1228	C		<u>LOS ANGELES CO. USC MEDICAL CENTER</u>
			4219	C		USC UNIVERSITY HOSPITAL
			=====			
			TOTAL	21	2	
LOS ANGELES	SANTA MONICA	927	110	C		BROTMAN MEDICAL CENTER
			434		NC	KAISER FOUNDATION HOSPITAL - WEST LOS ANGELES
			500		NC	DANIEL FREEMAN MARINA HOSPITAL
			687	C		SANTA MONICA-UCLA MEDICAL CENTER
			756		NC	ST. JOHN'S HOSPITAL AND HEALTH CENTER
			796	C		UCLA MEDICAL CENTER
			=====			
			TOTAL	3	3	
LOS ANGELES	INGLEWOOD	929	148	C		CENTINELA HOSPITAL MEDICAL CENTER
			196		NC	COMMUNITY HOSPITAL OF GARDENA
			230	C		DANIEL FREEMAN MEMORIAL HOSPITAL
			305	C		KINDRED HOSPITAL - LOS ANGELES
			366	C		ROBERT F. KENNEDY MEDICAL CENTER
			521	C		MEMORIAL HOSPITAL OF GARDENA
			=====			
			TOTAL	5	1	
LOS ANGELES	TORRANCE	931	422	C		TORRANCE MEMORIAL MEDICAL CENTER
			470	C		LITTLE COMPANY OF MARY HOSPITAL
			=====			
			TOTAL	2	0	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
LOS ANGELES	LONG BEACH	933	45	C		AVALON MUNICIPAL HOSPITAL
			53	C		ST. MARY MEDICAL CENTER
			135		NC	KAISER FOUNDATION HOSPITAL - CARSON
			240	C		LAKEWOOD REGIONAL MEDICAL CENTER
			431		NC	KAISER FOUNDATION HOSPITAL - HARBOR CITY
			475		NC	COMMUNITY HOSPITAL OF LONG BEACH
			525	C		LONG BEACH MEMORIAL MEDICAL CENTER
			587	C		PACIFIC HOSPITAL OF LONG BEACH
			680	C		SAN PEDRO PENINSULA HOSPITAL (2 service sites)
			1227	C		<u>LOS ANGELES CO. HARBOR/UCLA MEDICAL CENTER</u>
			6168	C		MILLER CHILDREN'S HOSPITAL
			=====			
			TOTAL	8	3	
			=====			
LOS ANGELES	WATTS	935	1230	C		<u>LOS ANGELES CO. M.L. KING JR./DREW MEDICAL CENTER</u>
			=====			
LOS ANGELES	LA CANADA	937	818	C		VERDUGO HILLS HOSPITAL
			=====			
ORANGE	FULLERTON	1011	1126		NC	BREA COMMUNITY HOSPITAL
			1127		NC	KINDRED HOSPITAL-BREA
ORANGE	ANAHEIM	1012	1132		NC	KAISER FOUNDATION HOSPITAL - ANAHEIM
			1297	C		PLACENTIA-LINDA COMMUNITY HOSPITAL
			1342	C		ST. JUDE MEDICAL CENTER
			=====			
			TOTAL	2	3	
			=====			
			1097	C		ANAHEIM GENERAL HOSPITAL (2 Service Sites)
			1167		NC	KINDRED HOSPITAL - SANTA ANA
			1188	C		WESTERN MEDICAL CENTER HOSPITAL - ANAHEIM
			1283	C		GARDEN GROVE HOSPITAL AND MED CENTER
			1379		NC	COLUMBIA WEST ANAHEIM MEDICAL CENTER
			=====			
			TOTAL	3	2	
			=====			
ORANGE	BUENA PARK	1013	1234	C		LA PALMA INTERCOMMUNITY HOSPITAL
			1248	C		LOS ALAMITOS MEDICAL CENTER
ORANGE	HUNTINGTON BEACH	1014	=====			
			225		NC	ORANGE COAST MEMORIAL MEDICAL CENTER
			1175		NC	FOUNTAIN VALLEY REGIONAL
			1209		NC	HUNTINGTON BEACH HOSPITAL
			1380	C		KINDRED HOSPITAL WESTMINSTER
			=====			
			TOTAL	1	3	
			=====			

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
ORANGE	SANTA ANA	1015	32	C		CHILDREN'S HOSPITAL OF ORANGE COUNTY
			1140	C		CHAPMAN GENERAL HOSPITAL
			1258	C		COASTAL COMMUNITIES HOSPITAL
			1279	C		U.C. IRVINE MEDICAL CENTER
			1340	C		ST. JOSEPH HOSPITAL - ORANGE
			1357	C		TUSTIN HOSPITAL MEDICAL CENTER
			1566	C		WESTERN MEDICAL CENTER - SANTA ANA
			4045		NC	IRVINE MEDICAL CENTER
			4079	C		TUSTIN REHABILITATION HOSPITAL
			4159	C		HEALTHBRIDGE CHILDREN'S REHABILITATION
			=====			
			TOTAL	9	1	
			=====			
RIVERSIDE	INDIO	1103	1216	C		JOHN F. KENNEDY MEMORIAL HOSPITAL
			=====			
RIVERSIDE	PALM SPRINGS	1105	1164	C		DESERT HOSPITAL
			1168	C		EISENHOWER MEDICAL CENTER
=====						
TOTAL	2	0				
RIVERSIDE	BANNING	1107	1326	C		SAN GORGONIO MEMORIAL HOSPITAL
			=====			
TOTAL	1	0				
RIVERSIDE	HEMET	1109	1194	C		HEMET VALLEY HOSPITAL
			2172		NC	VALLEY PLAZA HOSPITAL
			4018	C		MENIFEE VALLEY MEDICAL CENTER
			4048	C		MORENO VALLEY MEDICAL CENTER
			4068	C		SOUTHWEST HEALTHCARE SYSTEM (2 Service Sites)
			4487	C		RIVERSIDE COUNTY REGIONAL MEDICAL CENTER
			=====			
TOTAL	5	1				
RIVERSIDE	RIVERSIDE	1111	1152	C		CORONA REGIONAL MEDICAL CENTER (2 Service Sites)
			1293	C		PARKVIEW COMMUNITY HOSPITAL MED CENTER
			1312	C		RIVERSIDE COMMUNITY HOSPITAL
			4025		NC	KAISER FOUNDATION HOSPITAL- RIVERSIDE
			=====			
TOTAL	3	1				
SAN BERNARDINO	WEST SAN BERNARDINO	1207	1144	C		CHINO VALLEY MEDICAL CENTER
			1166	C		U.S. FAMILYCARE MEDICAL CENTER
			1274		NC	KINDRED HOSPITAL - ONTARIO
			1318		NC	SAN ANTONIO COMMUNITY HOSPITAL
			=====			
TOTAL	2	2				

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HFPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
SAN BERNARDINO	METRO SAN BERNARDINO	1209	1223		NC	KAISER FOUNDATION HOSPITAL - FONTANA
			1246	C		LOMA LINDA UNIVERSITY MEDICAL CENTER (2 Service Sites)
			1266		NC	MOUNTAINS COMMUNITY HOSPITAL
			1308	C		REDLANDS COMMUNITY HOSPITAL
			1323	C		COMMUNITY HOSPITAL OF SAN BERNARDINO
			1339	C		ST. BERNARDINE MEDICAL CENTER
			4121	C		ROBERT H. BALLARD REHABILITATION HOSPITAL
			4231	C		ARROWHEAD REGIONAL MEDICAL CENTER
			=====			
			TOTAL	6	2	
			=====			
			755	C		PALOMAR MEDICAL CENTER
			977	C		POMERADO HOSPITAL
			=====			
SAN DIEGO	INLAND N. SAN DIEGO CO.	1412	TOTAL	2	0	
			=====			
			705	C		FALLBROOK HOSPITAL
SAN DIEGO	COASTAL N. SAN DIEGO CO.	1414	780	C		TRI-CITY MEDICAL CENTER
			=====			
			TOTAL	2	0	
SAN DIEGO	NORTH SAN DIEGO CITY	1416	673	C		CHILDREN'S HOSPITAL OF SAN DIEGO
			694	C		DONALD N. SHARP MEMORIAL (2 Service Sites)
			695	C		SHARP MARY BIRCH HOSPITAL FOR WOMEN
			730		NC	KAISER FOUNDATION HOSPITAL - SAN DIEGO
			771	C		SCRIPPS MEMORIAL HOSPITAL - LA JOLLA
			1256	C		CECIL H. & IDA M. GREEN HOSP OF SCRIPPS CLINIC
			1394	C		SCRIPPS MEMORIAL HOSPITAL - ENCINITAS
			=====			
			TOTAL	6	1	
			=====			
			652	C		ALVARADO HOSPITAL MEDICAL CENTER (2 Service Sites)
			721		NC	KINDRED HEALTHCARE - SAN DIEGO
			744	C		SCRIPPS MERCY HOSPITAL
SAN DIEGO	CENTRAL SAN DIEGO CITY	1418	782	C		U.C. SAN DIEGO MEDICAL CENTER (2 service sites)
			787	C		UNIVERSITY COMMUNITY MEDICAL CENTER
			4084		NC	SAN DIEGO HOSPICE & PALLIATIVE CARE
			4094		NC	CONTINENTAL REHABILITATION HOSP OF SAN DIEGO
			=====			
			TOTAL	4	3	

APPENDIX B

MEDI-CAL HOSPITAL CONTRACTING STATUS BY AREA AS OF DECEMBER 1, 2004

COUNTY	AREA	HSPA	FCL ID	CONTRACT STATUS		HOSPITAL
				Contract	Non-Contract	
SAN DIEGO	SOUTH SAN DIEGO CO.	1420	658	C		SCRIPPS MEMORIAL HOSPITAL - CHULA VISTA
			689	C		SHARP CORONADO HOSPITAL
			759	C		PARADISE VALLEY HOSPITAL
			875	C		SHARP CHULA VISTA MEDICAL CENTER
			=====			
			TOTAL	4	0	
SAN DIEGO	EAST SAN DIEGO CO.	1422	714	C		GROSSMONT HOSPITAL
			=====			
			TOTAL	1	0	
STATEWIDE TOTAL				217	75	

NOTES:

1) Hospitals whose names are in *ITALICS* and underlined are covered by one contract, although each service site is counted as a separate hospital because they are located in separate HFPAs or have separate provider numbers. Other contract hospitals with multiple service sites but utilizing only one provider number for billing purposes have the number of service sites noted in parentheses and are not counted as separate hospitals.

2) All Areas listed in Appendix B are designated as Closed except for HFPAs 517-Los Banos, 705-Salinas and 1014-Huntington Beach.

SOURCE: California Medical Assistance Commission Management Information System